

AUGUSTUS

Augustus Media Holdings Ltd
Annual Report 2022



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report**

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**AN AWARD-WINNING
MIDDLE EAST DIGITAL
MEDIA COMPANY**

KEY HIGHLIGHTS

FY22

Over the past year, we have helped many of our customers turn their digital marketing spend into a success story. Their success has provided us with a high level of retained clients and new clients onboarding. We have seen a 45% increase in total clients year over year, and one we are pleased with.

We have achieved our most successful year in company history. Coming a long way from the impacts of covid, we've now relocated into a 12,000 sq foot HQ in Dubai. Holding more than 70 employees across the region focused to create and distribute creative content across our audience. This comes while continuously prioritizing customer satisfaction and building long term relationships.

\$7.22m

Revenue, up 47% year over year

70+

Employees, 79% growth

\$5.50m

Inflow, up 79% year over year

5.6m

Network Followers, 27% growth

Cash

\$1.83m

EBITDA

720+

Customers, 45% growth

STRATEGIC REPORT



Augustus Media Holdings Ltd

Annual Report 2022



LETTER TO SHAREHOLDERS

With the seventh consecutive financial year closed off, Augustus remains optimistic to its current and future growth projections. After a record-breaking year, the company doubled its headcount and generated over \$7.2m in revenue, surpassing its expectations with over a 50% increase from the previous year.

Dear Shareholders,

Overall, the 2022 annual results surpassed expectations. The business exceeded the intended 20% operating margin objectives, surpassing the set expectations by 8% while remaining on par with the total budgeted costs for the year. All in all, securing the company's path towards its set 2022 - 2025 goals.

Contributing to this impressive annual growth, Augustus has been fortunate to capitalise on two significant regional events, from Expo 2020 Dubai and the FIFA World Cup Qatar 2022; Combined, these events have contributed to more than 20% of the total revenue for the year.

Content remains the largest revenue generator, attributing to 80% of the total revenue. Amongst the remaining 20%, audience advertising revenue continues to grow substantially. In part due to the success in the Saudi market, with the introduction of multiple shows, demonstrating a proven format that not only makes headlines but helped to convert the Saudi office into a content hub for platform revenue earnings.

The team continues to develop client conversions at scale, focusing on essential revenue generators, such as direct business. As a result, the year marked our highest volume of active clients since the company's inception. With over 700 direct active clients and many more coming through agencies, direct business remains a significant part of the success story.

Over the year, the business rolled out several extensive campaigns for clients, from Dubai Expo 2020, Dubai Tourism, Majid Al Futtaim, to Anghami, Visa and adidas, which have contributed to revenue earnings growth.

Unexpectedly, for a year of considerable growth both in revenue and brand audiences, there were several highlights that helped the company achieve this:

Revenue:

- Content remained a priority focus to drive revenue while simultaneously pushing to improve other income streams.
- Audiences across the brands grew by over 1.2 million, supporting the supply and demand necessary for client conversion.
- Platform advertising revenue continued to perform with the introduction and strategic changes to the shows, specifically on Snapchat. While the distribution path across the other social channels remains relatively poor, recent numbers show a growth projection in the next fiscal year.
- Lovin expanded its revenue potential by launching new cities, from Doha, Abu Dhabi, Sharjah, RAK and Cairo.
- Augustus acquired CAMPLUS Sports to further solidify Smashi's involvement in local sports, signing the rights to stream the leagues of UAE Futsal, Volleyball and Handball.

Team:

- Five Directors were newly appointed, further building the senior management team, alongside the appointment of a Chief Financial Officer.
- The teams across the network continue to expand, whilst as a company, a focus remains on embracing diversity and gender equality.
- The expansion of an in-house tech team has helped to build greater assets for the company, including launching and improving the smart tv and mobile apps across the brands.

HIGHLIGHTS

OUR GROWTH PATH 2015 - 2023

2021 "THE RECOVERY"

Revenue TO Milestone: USD 4.9m
January: Smashi tv Alpha
June: Augustus Launches a JV in Pakistan
July: Augustus Launches in Egypt
July: Lovin Brands expanded to 8 new cities
 Smashi vertices introduction and launched on smart tv app, tvOS and Android tv.
Headcount: 40+

2022 "GLOBAL BOOM"

Revenue TO Milestone: USD 6.3m
January: Moved to 12k sqft HQ in Dubai
February: Augustus Media became a board member of the IAB MENA.
April: Augustus Launches in Sudan in collaboration with Block Media.
May: Acquisition of CamPlus Sport
June: On ground presence in Qatar
July: Lovin Brands expanded to 3 new cities
September: Launch of Smashi Sports League
October: Awarded for Media at the Fast Company Most Innovative Companies
Headcount: 70+

2023 "OVERCOMING A RECESSION"

Revenue TO Milestone: To surpass USD 8m
Headcount: 90+ est.

2020 "THE PANDEMIC"

Revenue TO: USD 2.7m
January: Completed the purchase of the Lovin IP & Assignment for 16 territories
Headcount: 25+

2019 "BREAKING RECORDS"

Revenue TO Milestone: USD 3.2m
February: Augustus Launches Smashi tv
Headcount: 20+

2018 "REGIONAL FOOTPRINT"

Revenue TO Milestone: USD 2.0m
April: Augustus Launches in Saudi
September: Augustus establishes its Holding company in Abu Dhabi Global Markets
November: Awarded Best SME at the MENA Effies
Headcount: 15+

2015 "DEBUT"

September: Lovin Dubai Launches
November: Augustus incorporated in the UAE

2016 "ROOKIE YEAR"

Revenue TO Milestone: USD 250k
Headcount: Surpassed 5+

2017 "MVP"

Revenue TO Milestone: USD 1.25m
Headcount: Surpassed 10+
January: Purchased the 7Days social media profiles
September: Launched in Riyadh with Lovin Saudi

HIGHLIGHTS

OUR NETWORK 2022

5.6m

NETWORK FOLLOWERS

955m

VIDEO VIEWS

5.1m

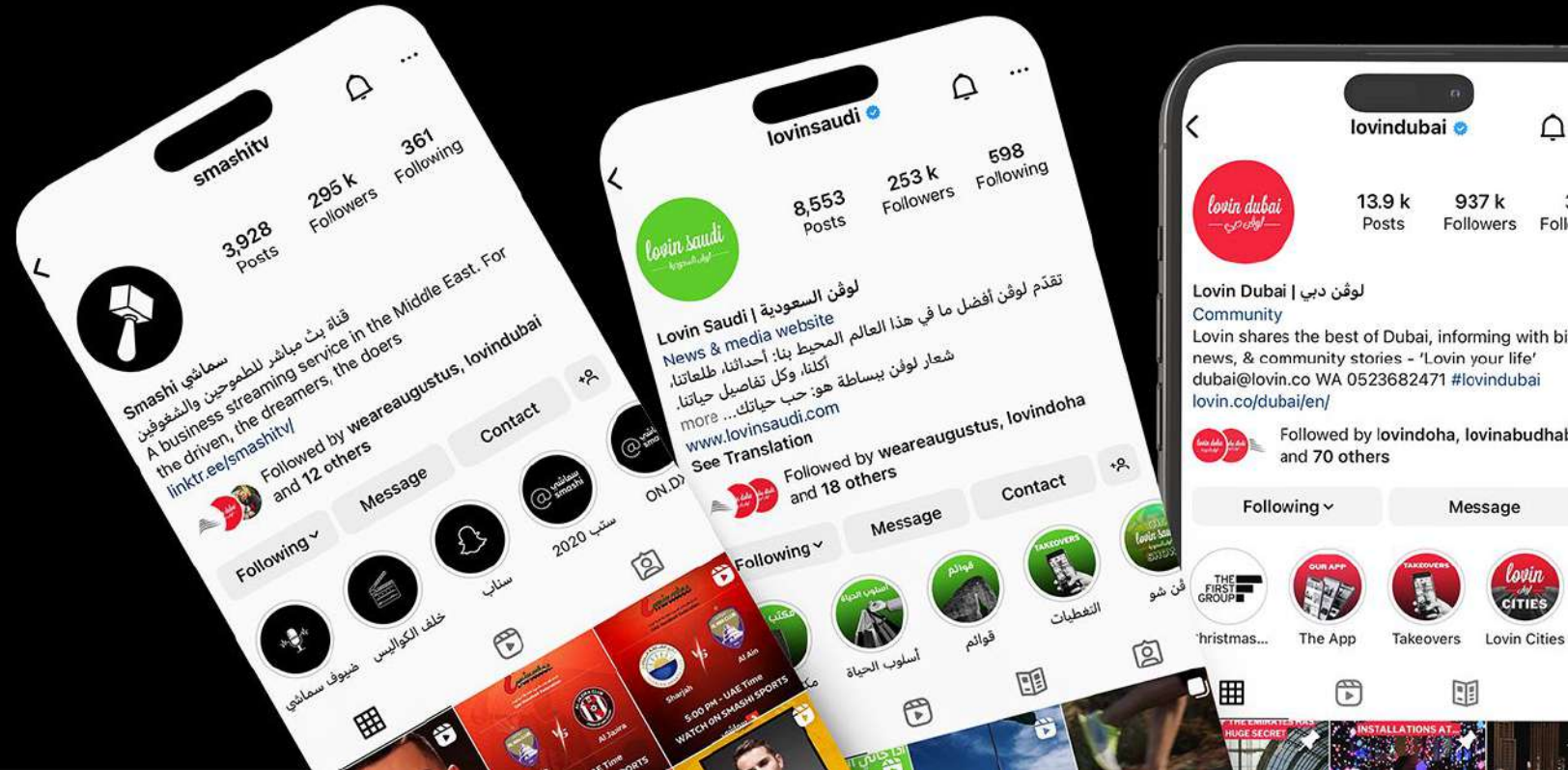
PAGE VIEWS

26.3m

SNAPCHAT UNIQUE VIEWS

1.2m

NETWORK GROWTH



HIGHLIGHTS

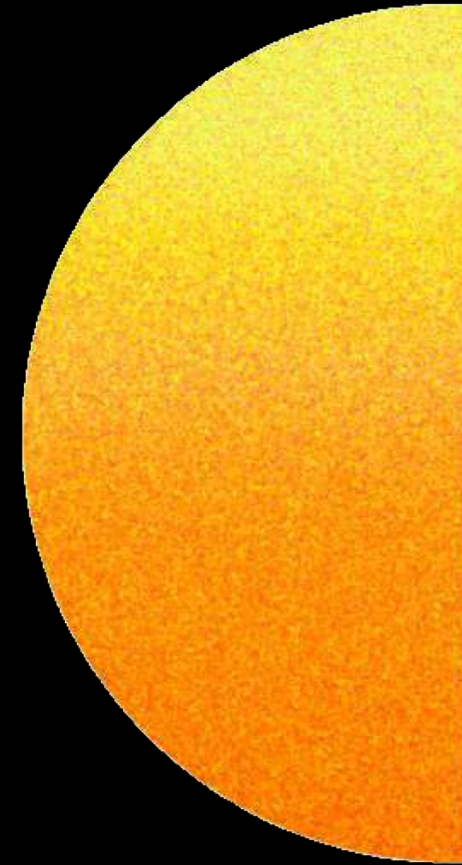
HIGH POINTS 2022



16 **Lovin Cities live**

8 **Years in business**

13 **Channels on Smashi TV**


















HIGHLIGHTS

IAB MENA

Augustus Media became a board member of the **IAB MENA**

1 of 5 media companies on board from the region.



FINANCIAL HIGHLIGHTS

2022 | REVENUE

GROSS REVENUE

\$7.22m **+4%**
+54% vs 2021

REVENUE TURNOVER

\$6.39m **+9%**
+63% vs 2021

GROSS PROFIT

\$5.29m **+10%**
+58% vs 2021

GROSS PROFIT MARGIN

71% **+3%**
+6% vs 2021

vs Expectation

FINANCIAL HIGHLIGHTS

2022 | BOTTOMLINE

COST OF REVENUE

\$1.10m **+7%**
+87% vs 2021

OPERATING EXPENSE

\$3.87m **-1%**
+68% vs 2021

EBITDA

\$1.83m **+46%**
+38% vs 2021

OPERATING PROFIT MARGIN

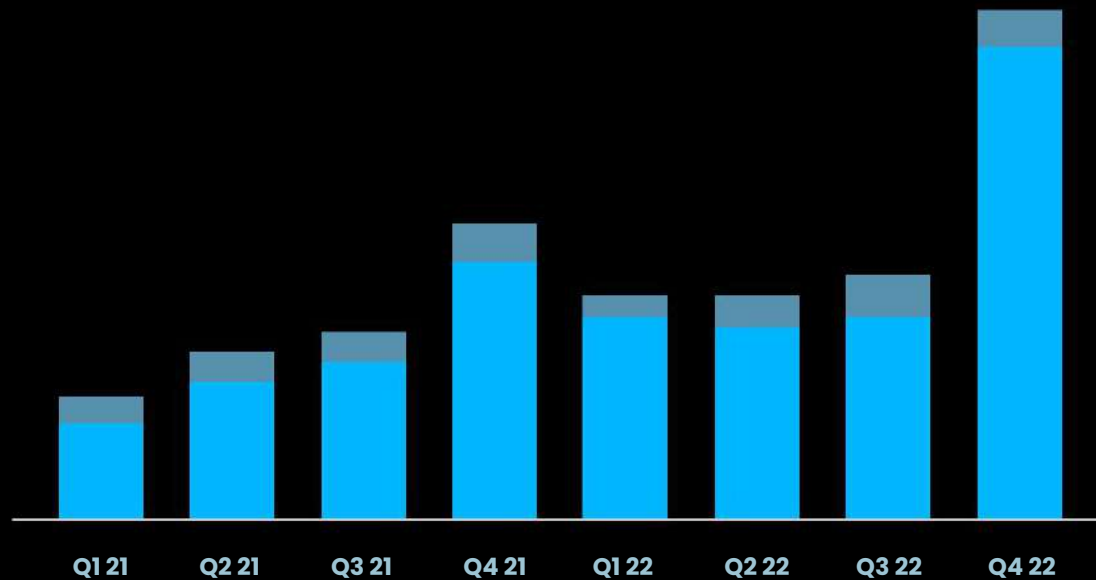
22% **+5%**
-4% vs 2021

vs Expectation

PERFORMANCE 2022

REVENUE STREAMS

CONTENT ADVERTISING
AUDIENCE ADVERTISING



CONTENT ADVERTISING

\$6.40m +89%

Branded, Sponsored, Production & Native

AUDIENCE ADVERTISING

\$810k +11%

White Label, Affiliate, Display (Programmatic, CTV) & Platform

CONSUMER

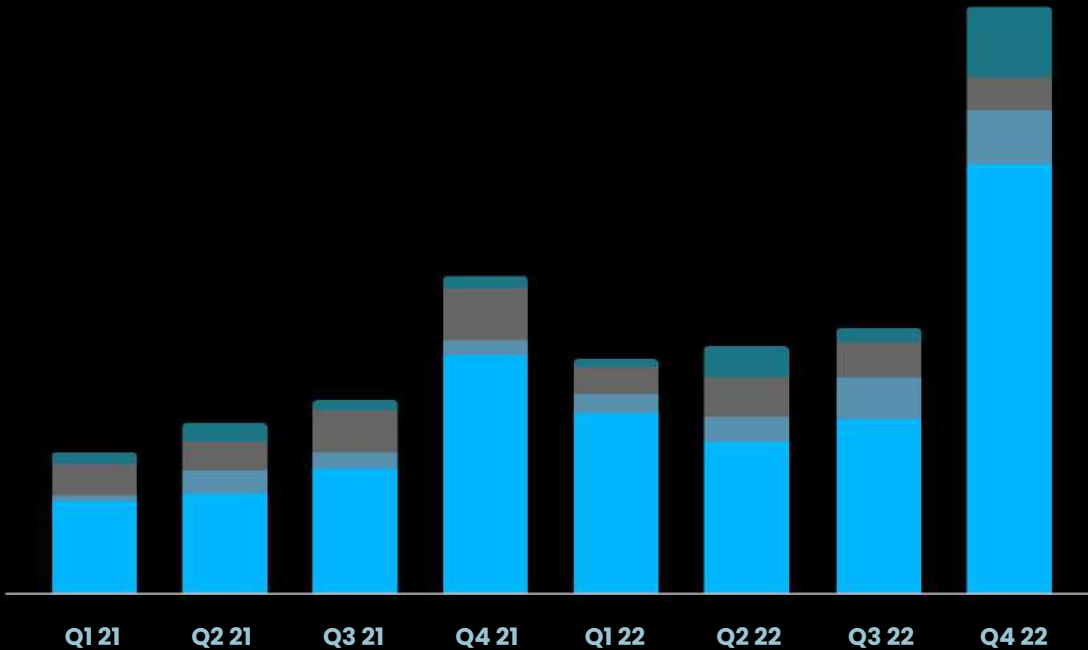
\$1k +0%

Subscription, Tickets, Merchandise & Tokens

PERFORMANCE

BY BRAND

LOVIN UAE, LOVIN KSA,
SMASHI, ODEUM



LOVIN UAE

\$4.43m **+69%**

Dubai, Abu Dhabi, Sharjah, RAK, Fujairah

LOVIN KSA

\$642k **+127%**

Saudi, Riyadh, Jeddah, Neom, Sharqiyah

SMASHI

\$642k **-14%**

ODEUM

\$597k **+158%**

PERFORMANCE

BY OFFICE

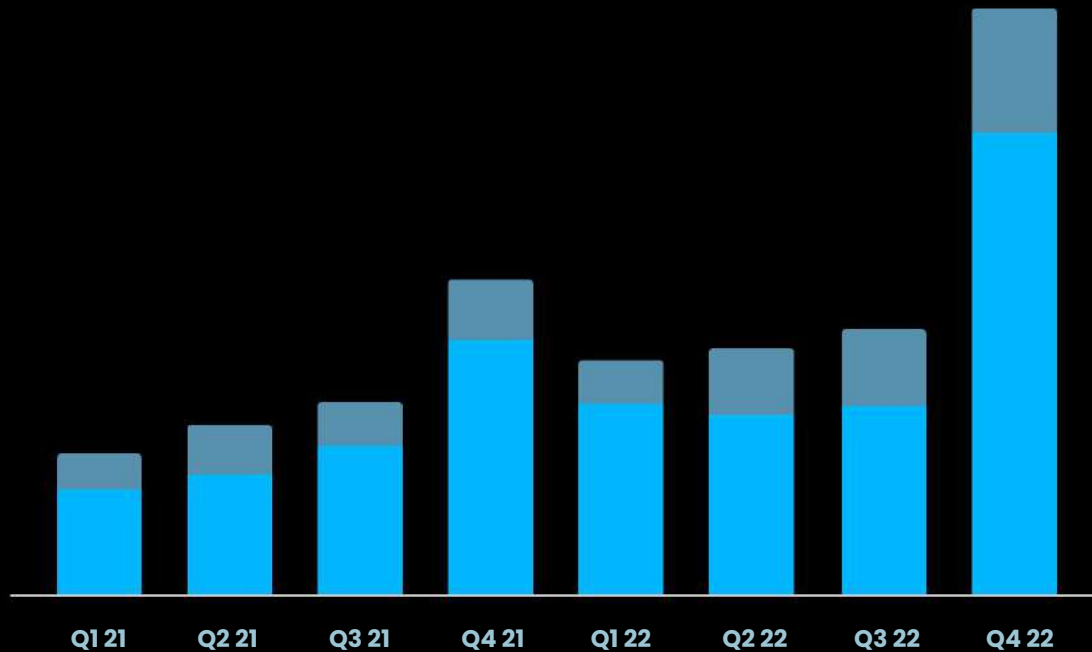
UAE, KSA

UAE

\$4.85m +62%

KSA

\$1.46m +65%



INDUSTRY OUTLOOK



CEO & FOUNDER:

13 Predictions For The MENA Media Industry In 2023



Richard Fitzgerald
CEO & Founder



With the development of Dubai, a media capital, post-pandemic, Augustus Media CEO and Founder, Richard Fitzgerald shared 2023 predictions in line with the growing region and world of modern media.

1. TikTok (Bytedance) will list publicly, most likely in China and we will see under the hood. TikTok is currently valued under Bytedance at \$300bn – similar to the valuation of Meta. However, some analytics believe this is a trillion-dollar stock in the making.
2. Vertical video is the standard social media consumption trend in any media format – from how podcasts get distributed, to Instagram stories, Reels, Shorts, TikToks, etc. I suspect some of the streaming services will need to think vertically as well. It is no longer the format of one or two platforms; it is ubiquitous – from publishers to influencers. The pivot to vertical in every element of content production is underway.
3. The duopoly in digital advertising will come to an end. There were signs of this. Facebook and Google's digital ad market shares are dropping. Their share of the US ad market was 54.7 per cent in 2017 and it is forecast to decline to 43.9 per cent by 2024. Worldwide, their shares dropped by 1 per cent to 49.5 per cent in 2022, according to Financial Times. This will continue. Apple's cookie play impacted many digital platforms. Amazon has quietly built a \$30bn digital ad business while Apple and Microsoft also grow their respective ad offerings. Snap's and Twitter's revenue is not changing much, they are significant players while TikTok has grown a lot. In this region, ad tech companies are fighting harder for what was a \$4.6bn digital ad market in 2021 (IAB MENA) and now, CTV through streaming apps will make this even more competitive.
4. A headset wearable device in everyone's home. The vast majority of us do not have a wearable headset at home currently. In 12 months, it will be very different with many of the biggest tech companies in the world set to roll out more products at competitive prices.
5. Anghami will de-list from the Nasdaq or be taken private. The general stock market downturn in 2022 was not a favorable timing for Anghami, and a price-to-earnings ratio of -207 means it could no longer meet the minimum regulatory requirements of the Nasdaq. As an alternative, an ADX listing might be a possibility.
6. MBC will go public on the stock market. The biggest media company in the region will list publicly, something that has been worked on for a while. Following the opening of their new HQ in Riyadh's Diplomatic Quarter, the sale operations split to MMS and their continued successful Shahid product and content strategy proves focus can turn to this IPO, most likely with a retail subscription element in KSA and available on the Tadawul.
7. A breakout viral hit for Web 3. In the digital identity space, something gamified will emerge and it will be a tipping point for tokens, driven by young people's desire to enhance their digital identity and status online. New apps or devices 'pop' very quickly now, and the time needed to reach millions of users is always decreasing. We have seen Open AI's Chat GPT programme reach 1 million users in less than a week. We can expect something similar in relation to Gen Z adopting a gamification-like service incentivised by the token economy.
8. More media M&As. There is a lot of pain in the stock markets and big tech companies are lean. Some of the weaker companies will be purchased or will shut down. Look out for some streaming services being merged or other publishing businesses being acquired. More media mergers and acquisitions in Saudi Arabia are happening – see Kooraa.com and Football CO. SRMG acquired Saudi podcast platform Thmanyah and have been active in partnerships. There are strong independent media companies such as MICS, Telfaz and more. Watch out for some influencer brands being purchased by media companies.
9. Digital ad spend in the region will cross \$6bn. At \$4.1bn for full-year 2021, growing at a 25 per cent rate, with what could have been a much higher growth in 2022, we are probably already almost there.
10. Consolidation in the streaming space. There have been 55 OTT apps launched in the last 10 years. It is expensive to run video streaming services. You can expect mergers and some smaller companies may be up for grabs. A merger could happen regionally or an international player might acquire to enter the market. Additionally, PIF was linked with a bid for BEIN sports, which is an increasingly attractive asset on the back of their World Cup success, with over 5 billion views and the popularity of their TOD streaming service.
11. Disney Plus and OSN Plus will launch ads in the region. From the OTT streamers, Netflix launched ads in the US, Starzplay launched in the region and Shahid's ad offering continued. Disney has announced that it is launching ads, and we should expect OSN to follow as well. The CTV market will grow significantly in 2023.
12. Disney will make acquisitions globally. Bob Iger is back and he does three things: digital, branding content / IP and global strategy. Expect further push with Disney Plus and an IP accusation that could be interesting is Funko, the bobbleheads toy company that he and Peter Chernin, CEO of Chernin Group, are personally invested in. US analyst Scott Gallaway believes that Disney will buy Roblox, a metaverse play. With a current value of around \$40 bn, it would be a big one.
13. The region will have another global content hit. 2022 saw Dubai Bling go high up on Netflix's most-watched shows globally. Original content productions are getting better and it won't be much longer before we have a global hit for the region. The next one could very well be in Arabic. Watch out for what Netflix are doing, or even the likes of Slave produced by Shahid and the Saudi marketing in Q1 of this year.

BUSINESS STRATEGY

The Augustus Media mission is to become the 'new media' company of choice in the MENA region. This will be achieved by being the leading modern media company, broadcaster and publisher, where consumers and brands choose our channels. We will do this by focusing on:

1. Arab Region - Content, language, offices, recruitment and partnerships - all focussed on this region

2. Digital - Digital first, over events, and analogue media (radio, print, tv), it helps us to be digital media agnostic, on text, audio and video, - we hire for it, train for and execute in digital formats, monetizing digital media needs focus, so does staying on top of the latest innovations and implementing them into our business. While legacy media is still generating profits, there is so much room for growth in an emerging market, both in terms of digital media consumption and commercial models

3. IP / Audience - Building our own IP is key, to have value in the future, presenters can be replaced, but audience and brand can live on, there are higher margins for scale with IP media brands, versus agency services, and more opportunities to scale

Diversified Revenue:

- **Content Advertising** - this can be branded content, native, or advertorial, it should always come with guaranteed views and can work across formats - social, text, audio, video. This revenue predominately comes through our media brands, and is a media & content buy together, but it also comes from white label content and social media retainers
- **Audience Advertising** - this is revenue we make without selling ads or dealing with a client, by having affiliate deals (AAP), revenue share partnership (Snapchat, YouTube) or ad tech on our owned and operated (Websites, apps), we can generate revenue by having hit shows and viral content, the platforms will have done the selling for us
- **Consumer Revenue** - (D-to-C), this can be subscription, events or merchandise, it can also be Augustus Academy revenue in future

The economics of content production:

- **Non-scripted and social content** is relatively cost effective to produce, that's our base. We do have aspirations for scripted content (documentaries, animation, shows etc) in future, but only when it makes business sense or we happen upon a hit show
- **Live sports** does deliver subscription revenue, and has opportunities with content advertisements (sponsorship), and audience advertising (CTV) however the investment needed on media rights, the production costs, marketing and hosting, are high - our approach is to do this in a bootstrap way, already we have seen a 4000% uplift in subscribers on Smashi TV since acquiring Cam Plus Sport and the local UAE Federation rights for Futsal, Volleyball and Handball
- **Local news** - the native ad format for an engaged local audience works on social media, partnically with local businesses who want to spread awareness (F&B, events), there will always be demand for this on Lovin, provided we can keep the audience engagement with fast accurate news

Target Demographics:

- **Youth** (Gen Y, Gen Z) - our region is very young, and so is digital consumption, and so is the opportunity to create brands that can resonate with a young audience and live with them for life

BUSINESS DIRECTION FOR 2023

Territory focus and expansion

- **UAE, KSA** are our core markets, with offices in Dubai and Riyadh
- **Egypt** will be a core market in future, our presence there now is to gradually grow Lovin Cairo, but also to have content from Smashi on a low cost basis and to have our tech team here
- Satellite offices in **Bahrain, Oman, Qatar and Pakistan** for now, as we organically grow Lovin in those markets with one person, this approach will be used in other places like Kuwait, Lebanon, Jordan and other parts of this region
- Partnerships - we have a JV license agreement in **Sudan**, and are in discussions over similar in Asia

Marketing

1. **Media Partnerships** - these work on a barter basis and get our brands out there, with flags, TVs and other branding, they also often provide tickets for users and access to talent
2. **Promote Content** - organic and paid media support to put our content in front of people, it's like product sampling, rather than lower funnel performance (download app), we want to create consumer behaviour, for people to consume our articles, social, shows etc.
3. **Influencers / Creators** - To cover content creators on our platforms, promote their brands, interview them on our shows, and tell their stories

Trends and opportunities in Digital

- **Branded Content / Creators** - our Lovin brands are like influencers, in that the advertising is booked in the same way, on large social accounts, with presenters hosting them, we will continue to build this out
- **Vertical video** - the revenue projections on Meta, Google, Tiktok platforms for ad revenue served on vertical video is set to triple this year, as are the revenue sharing opportunities, this has served us well on Snapchat
- **AI Automated Content** - using licensed AI software (such as Chat GPT), we will train out 30+ team of content creators to automate content creation, for research information, generating lists in cities, and video scripts, we expect this to be fully integrated in our daily publishing schedule by the end of this year

Business Factors

- **Currency** - the EGP Pound and Pakistan Rupee is favourable for the dollar, and makes investment in our set ups here an opportune time to grow, the Turkish Lira is also favourable and makes us consider organically setting up Lovin Istanbul, however we don't see these as cost centers and need to keep that in mind as the intention is to have viable businesses in those markets in future
- **Vision 2030 KSA** - the investment in entertainment, media, sports, esports as part of the Saudi 2030 vision represented and opportunity, and will be key to our investments / business planning
- **Strategic Partner** - the right strategic partner for Augustus Media would share our vision for the region, and our business

PROJECTIONS

GROSS REVENUE

2022 (ACTUAL)

\$7.22m

ESTIMATES

2023

\$10.50m +45%

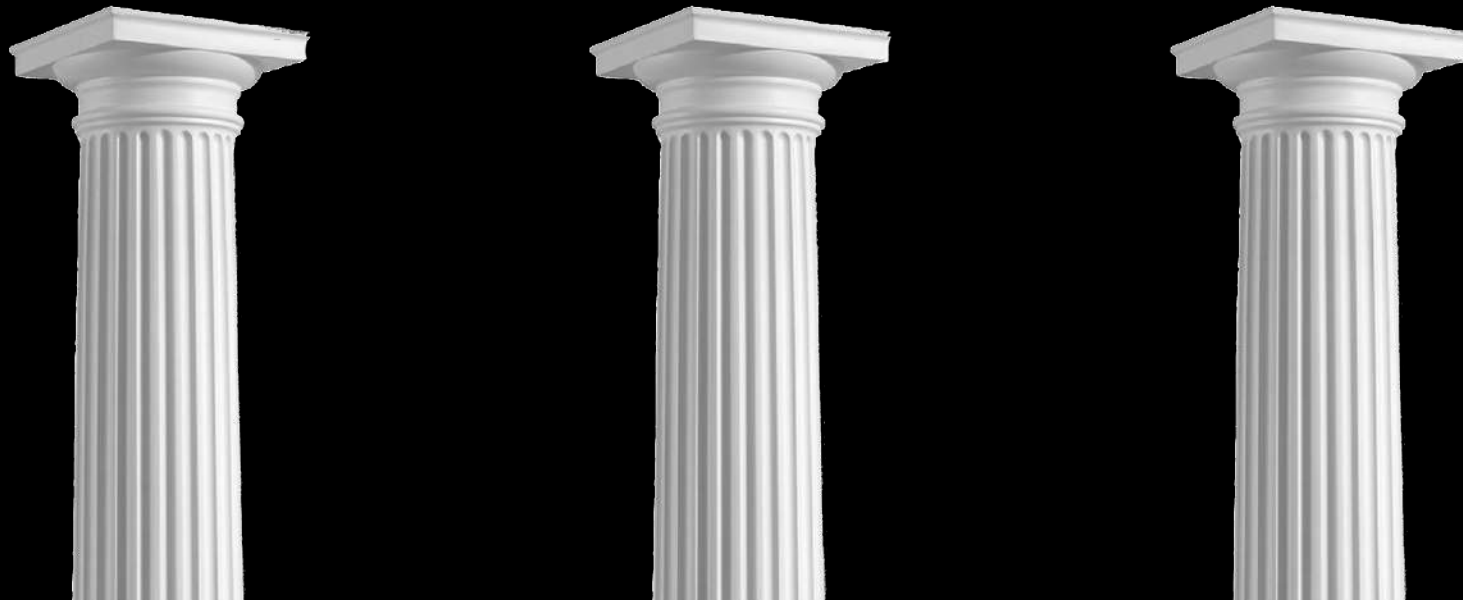
2024

\$14.50m +38%

2025

\$20.00m +38%

GOVERNANCE REPORT & FINANCIAL STATEMENTS



Leadership Team



Richard Fitzgerald
CEO & Founder



F. Josef Obeid
CFO



Amy Jones
Sr. Content Director



Michael Smith
Grp. Commercial Director



Mayowa Tola-Voss
Commercial Director



Casey Fitzgerald
Content Director



Abdallah Nasser
Product Director



Iyad Al Saady
Country Director



Ghada El Emam
Client Service Director



Ahmed Mansour
Managing Editor



Ahmed Attiya
Tech Lead

FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER

	UNAUDITED 2022	ESTIMATES 2022
REVENUE MONETARY	6,606	6,311
REVENUE NON-MONETARY	609	596
GROSS REVENUE	7,215	6,907
DISCOUNTS	(828)	(1,061)
REVENUE TURNOVER	6,387	5,846
COS NON-MONETARY	(609)	(596)
NET REVENUE	5,778	5,250
COS MONETARY	(275)	(215)
REBATES	(211)	(216)
GROSS PROFIT	5,292	4,819
OPERATING EXPENSES	3,870	3,850
OPERATING PROFIT	1,422	969
OPERATIONAL Margin	22%	17%

Above Figures are rounded to the nearest thousands

FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET

31 DEC 2022

ASSETS

NON-CURRENT	1,421
CURRENT	8,406
TOTAL ASSETS	9,827

LIABILITIES

NON-CURRENT	129
CURRENT	4,419
TOTAL LIABILITIES	4,548

EQUITY

TOTAL EQUITY	5,279
TOTAL LIABILITIES & EQUITY	9,827

Above Figures are rounded to the nearest thousands

**“If I played my part well,
clap your hands,
and dismiss me with
applause from the stage”**

Caesar Augustus
(63 BC – 14 AD)



AUGUSTUS

